

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
A National Broadband Plan for Our Future)	GN Docket No. 09-51
)	
Establishing Just and Reasonable Rates for Local Exchange Carriers)	WC Docket No. 07-135
)	
High-Cost Universal Service Support)	WC Docket No. 05-337
)	
Developing an Unified Intercarrier Compensation Regime)	CC Docket No. 01-92
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Lifeline and Link-up)	WC Docket No. 03-109
)	
Universal Service Reform – Mobility Fund)	WT Docket No. 10-208

**OPPOSITION TO T-MOBILE USA, INC.’S PETITION
FOR RECONSIDERATION OR CLARIFICATION**

FTC Communications, LLC (“FTC”) and Horry Telephone Cooperative, Inc. (“Horry”) respectfully request that the Federal Communications Commission (“Commission”) deny the Petition for Reconsideration or Clarification filed by T-Mobile USA, Inc. in the above-captioned matter (“Petition”) to the extent the Petition requests that carriers with competitive eligible telecommunications carrier (“CETC”) designation applications pending prior to adoption of the *CAF Order*¹ and granted after adoption of the *CAF Order* should receive monthly support based

¹ Report and Order and Further Notice of Proposed Rulemaking, *Connect America Fund*, WC Docket No. 10-90, FCC 11-161 (Nov. 18, 2011) (“*CAF Order*”), 76 Fed. Reg. 73830 (Nov. 29, 2011).

on the average monthly high-cost support they *would have* received in 2011 if they had been designated as CETCs and received support under the prior rules.²

T-Mobile's argument ignores the clear language and intent of the Commission in the *CAF Order* to immediately freeze support for existing wireless CETCs and transition that support and all future wireless ETC support to the Mobility Fund.

The Commission previously has expressed concern with exponential growth of the CETC portion of the high-cost federal universal service fund, and took emergency measures in 2008 to curtail its growth on an interim basis by capping the fund until the Commission could take up comprehensive federal high-cost universal service fund reform.³ The Commission has now undertaken that comprehensive reform in the *CAF Order*. As part of that comprehensive reform, the Commission eliminated the "identical support" rule, froze funding at 2011 levels for existing wireless CETCs, ordered that existing wireless CETC support would be phased down over five years, and directed that *all future funding* for wireless CETCs would come from the new Mobility Fund.⁴

The Commission did not intend for wireless CETCs that may be designated in the future to obtain funding from the existing mechanism. In fact, the Commission expressly stated that its intent in providing a five-year transition for existing funding was "to avoid shocks to service providers that may result in service disruptions to consumers."⁵ The Commission stated further that "a five-year transition will be sufficient for competitive ETCs *that are currently receiving*

² See Petition at pp. 8-10.

³ See *High-cost Universal Service Support; Federal-State Joint Board on Universal Service*, WC Docket No. 05-337, CC Docket No. 96-45, Order, FCC 08-122, 23 FCC Rcd 8834 (2008) ("*Interim Cap Order*") at para. 1 ("In this Order, we take action to rein in the explosive growth in high-cost universal service support disbursements.")

⁴ See *CAF Order* at paras. 512-532.

⁵ *CAF Order* at para. 513.

high-cost support to adjust and make necessary operational changes to ensure that service is maintained during the transition.”⁶ The concerns articulated by the Commission – and which led the Commission to establish a transition path for legacy funding – apply only to carriers that are currently receiving high-cost support for their networks. Unlike carriers that were previously designated as CETCs, carriers that are not currently receiving federal high-cost universal service funding have not relied on such funding to improve their networks in high-cost areas. Thus, they do not have the same concern with the impact of lost funding on their operations and service to consumers.

Furthermore, if the Commission were to reconsider its *CAF Order* in the manner suggested by T-Mobile, existing CETCs would be subject to a “double whammy.” First, because the amount of funding is capped on a statewide basis, if pending applications are approved and those amounts are included under the cap, existing CETCs would see an immediate corresponding reduction in the funding upon which they rely to fulfill the public interest commitments they have made to improve their networks in high-cost areas.⁷ Then, they would see those reduced amounts phased out over the next five years, as directed in the *CAF Order*.⁸ The immediate reduction in funding and subsequent phase-down of the reduced level of funding would significantly impact existing CETCs’ operations to the detriment of rural wireless consumers – which is exactly what the Commission was concerned about. In South Carolina, for example, there is one pending wireless CETC application that, if granted and permitted under the

⁶ *Id.* (Emphasis added.)

⁷ See *Interim Cap Order*.

⁸ See *CAF Order* at para. 513. Existing carriers offering mobile wireless services will have the opportunity to bid in the Mobility Fund Phase I auction in 2012 and participate in the second phase of the Mobility Fund in 2013. To the extent they are successful bidders, the Mobility Fund support will replace existing support. To the extent they are not successful, existing support will be permanently eliminated. See *CAF Order* at paras. 513-519.

cap, would result in 41% of existing funding being diverted from previously-designated CETCs to a single carrier.⁹

FTC and Horry were designated as CETCs only after rigorous proceedings in which they demonstrated to the Public Service Commission of South Carolina (“SCPSC”) that it was in the public interest for the carriers to be designated as CETCs and to receive federal universal service funding. These carriers have used and are using the federal high-cost support they receive to implement build-out plans approved by the SCPSC that provide for improved wireless coverage in areas served by rural telephone companies. FTC and Horry are prepared to phase down existing funding and to seek replacement as may be appropriate from the Mobility Fund, as directed by the Commission in the *CAF Order*, and will strive to continue to provide the best service possible. However, any additional reduction in funding that would result from granting T-Mobile’s reconsideration request would significantly impact FTC’s and Horry’s ability to honor the public interest commitments they have made, and would jeopardize the continued provision of the quality wireless services they are currently providing to consumers in rural areas of South Carolina.

For the reasons stated herein, FTC Communications, LLC and Horry Telephone Cooperative, Inc. respectfully request that the Commission deny the Petition for Reconsideration or Clarification filed by T-Mobile USA, Inc. in the above-captioned matter, to the extent it seeks to allow carriers with CETC designation applications pending prior to adoption of the *CAF Order*, and granted after adoption of the *CAF Order*, to receive monthly support based on the

⁹ See *In Re Application of Allied Wireless Communications Corporation d/b/a Alltel for Designation as an Eligible Telecommunications Carrier*, Order Holding Ruling on Application in Abeyance, Order No. 2011-509 in SC Public Service Commission Docket No. 2010-385-C (July 29, 2011), at p. 8.

average monthly high-cost support they *would have* received in 2011 if they had been designated as CETCs and received support under the prior rules.

Respectfully submitted this 9th day of February, 2012.



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